NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 5-5767
WAYNE COREY/KUALA TRENGGANU

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MALAYSIA'S EXPANDING OIL BOOM

ANNCR:

MORE OIL HAS BEEN DISCOVERED OFF MALAYSIA'S EAST COAST AND THE LATEST FIND UNDERSCORES BOTH THE INTENSE OFFSHORE OIL EXPLORATION UNDERWAY THERE AND MALAYSIA'S STEADILY EXPANDING OIL PRODUCTION. HERE'S ABACKGROUND REPORT FROM WAYNE COREY IN OUR SOUTHEAST ASIAN BUREAU.

VOICE:

A JOINT ANNOUNCEMENT IN KUALA LUMPUR BY MALAYSIA'S STATE-OWNED OIL COMPANY PETRONAS, AND ESSO OF MALAYSIA, A SUBSIDIARY OF EXXON, SAID SIGNIFICANT AMOUNTS OF OIL HAVE BEEN FOUND ABOUT TWO HUNDRED KILOMETERS OFF THE COAST OF TRENGGANU STATE. THE FIND IS IN AN AREA JUST NORTH OF THE OIL-RICH TAPIS FIELD. OIL FROM THIS SITE, COMBINED WITH OIL FROM OFF THE EAST MALAYSIAN STATES OF SABAH AND SARAWAK, YIELDS FOR MALAYSIA MORE THAN TWO-HUNDRED-THOUSAND BARRELS OF CRUDE OIL DAILY.

THE CONTINUING DISCOVERY OF HIGH-GRADE LOW-SULFUR OIL HAS LED TO A MAJOR INFLUX OF OILMEN INTO MALAYSIA AND TO A DOUBLING OF THE STAFF OF THE STATE OIL COMPANY. EXXON AND SHELL, WORKING UNDER PRODUCTION-SHARING CONTRACTS WITH THE GOVERNMENT, ARE HEAVILY INVOLVED IN OIL EXPLORATION OFF THE MALAYSIAN COAST BECAUSE THEY BELIEVE THE PROSPECTS FOR FINDING MORE OIL ARE EXCELLENT. EXPERTS SAY MALAYSIA'S OIL PRODUCTION SHOULD INCREASE TO TWO-HUNDRED-THIRTY THOUSAND BARRELS A DAY BY THE MIDDLE OF THE YEAR. SOME FORECASTS EVEN PREDICT FOUR-HUNDRED-THOUSAND-BARRELS OF OIL A DAY BY 1980.

MALAYSIA HAS LONG BEEN A LEADING PRODUCER OF TIN AND RUBBER SO THE OIL FINDS HAVE BEEN A RECENT AND UNEXPECTED BONANZA. AND

THEY HAVE MADE THE COUNTRY SELF-SUFFICIENT IN OIL AT A TIME WHEN WORLD PRICES SEEM LIKELY TO KEEP GOING UP. MALAYSIA IS ABLE TO EXPORT ABOUT ONE-HUNDRED-FIFTY-THOUSAND BARRELS OF OIL DAILY, MOSTLY TO THE UNITED STATES AND JAPAN. EVEN DOMESTIC CONSUMPTION, RISING AT THE RATE OF ABOUT NINE PERCENT ANNUALLY,, WILL NOT LIMIT EXPORTS ALTHOUGH THE PASSAGE OF TIME WILL.

THE MINIMAL LIFE EXPECTANCY OF MALAYSIA'S OFFSHORE OIL FIELDS IS PUT AT ABOUT THIRTEEN YEARS. AT THE SAME TIME, MALAYSIA'S CURRENT OIL PRODUCTION IS TINY COMPARED WITH THAT OF SAUDI ARABIA AND EVEN VERY LIMITED COMPARED WITH INDONESIA'S ONE-AND-A-HALF-MILLION BARRELS OF OIL A DAY OUTPUT. BECAUSE OF THIS MALAYSIA DOES NOT PLAN TO JOIN THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES. IN A RECENT INTERVIEW THE MANAGING DIRECTOR OF PETRONAS, RASTAM HADI, SAID A MOSQUITO SHOULD OT ACT AS IF IT IS AN ELEPHANT. STILL THE WORLD HAS AN INSATIABLE APPETITE FOR HIGH-QUALITY OIL. SO PRODUCTION, GIVES MALAYSIA AN ENVIABLE DIVERSITY IN ITS EXPORT OUTLOOK -- SOMETHING RARELY FOUND IN DEVELOPING COUNTRIES.

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WJL/RTD